



P R E S S R E L E A S E

14 March 2007

PRELIMINARY RESULTS FOR YEAR ENDED 31 DECEMBER 2006

SIG plc is the leading specialist supplier of insulation, roofing and commercial interiors products in Europe.

- SIG reports record sales and profit in 2006.
- Each country in which the Group operates achieved sales and underlying* operating profit growth on a like for like basis (i.e. excluding the impact of acquisitions made in 2005 and 2006).
- Total ** sales increased by 17.4% to £1,925m (2005: £1,639m).
- Continuing (i.e. excluding the USA) sales increased by 18.4% to £1,860m (2005: £1,571m). Like for like sales growth was 7.1%.
 - UK and Ireland sales increased by 14.2% to £1,254.4m (2005: £1,098.1m).
 - Mainland Europe sales increased by 27.9% to £605.5m (2005: £473.4m).
- Underlying operating profit from continuing operations increased by 22.5% to £121.4m (2005: £99.1m).
 - UK and Ireland underlying operating profit increased by 18.4% to £99.9m (2005: £84.4m).
 - Mainland Europe underlying operating profit increased by 40.6% to £27.6m (2005: £19.6m).
- Total underlying profit before tax increased by 18.8% to £112.0m (2005: £94.3m), slightly above analyst consensus figures.
- Profit before tax from continuing operations increased by 22.6% to £102.7m (2005: £83.8m).
- Total underlying basic earnings per share increased by 20.3% to 63.4p (2005: 52.7p). Continuing basic earnings per share increased by 28.5% to 58.1p (2005: 45.2p).
- Dividend per share for the year increased 22% to 20.5p.
- The Group made 23 acquisitions during 2006. Annualised sales (on a historic basis) for these acquisitions was £240m. Total consideration, including assumed debt, was £109m.

* - Underlying – means excluding the effect of amortisation of acquired intangibles, impairment of goodwill, profit on sale of USA business and hedge ineffectiveness.

** - Total – means including the USA business. The Group sold its USA business on 20 November 2006 for cash proceeds of £27m. Sales in the USA accounted for 3% of the Group's sales up to the time of its disposal.

Les Tench, Chairman, commented:

“The Group has made excellent progress during 2006; the strategic disposal of the USA combined with the continued expansion and diversity of the trading activities in the two core regions of UK and Ireland and Mainland Europe lay the foundations for the future growth and development of SIG.

In terms of growth opportunities, we enter 2007 with a healthy pipeline of opportunities, both organic and through acquisition. Trading since the start of 2007 has been good, and the Group is confident that further progress will be made.”

Enquiries:

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Full Preliminary Results information is available on www.sigplc.co.uk. An interview with David Williams, Chief Executive is now available on SIG's website and www.cantos.com

Chairman's Statement

The Group has made excellent progress during 2006; the strategic disposal of the USA combined with the continued expansion and diversity of the trading activities in the two core regions of UK and Ireland and Mainland Europe lay the foundations for the future growth and development of SIG.

Highlights of the year are:

- Record sales growth
- Increased margins
- Record number of acquisitions
- Record increase in the number of additional trading sites
- Sale of the Group's operations in the USA in November 2006
- Significant growth in Mainland Europe
- Significant increase in the full year dividend, reflecting the Board's confidence in the Group's outlook.

Results

Where reference is made to "Total" this refers to the results of both continuing and the discontinued USA operations. Where reference is made to "Underlying", this should be taken as before the amortisation of acquired intangibles, the impairment of goodwill, the profit on sale of the USA business and hedge ineffectiveness.

For the year ended 31 December 2006, compared with the corresponding period in 2005:

Sales

- Total sales increased by £285.7m (17.4%) to £1,925.0m (2005: £1,639.3m).
- Continuing sales increased by £288.4m (18.4%) to £1,859.8m (2005: £1,571.4m).
- Like for like sales growth (i.e. excluding the impact of acquisitions made in 2005 and 2006) on a continuing basis, was 7.1% in Sterling.
- Foreign exchange rate movements on a year on year basis were negligible, and have no significant impact on the growth figures as stated in Sterling for the Group as a whole.

Profits

- Total underlying operating profit increased by £23.1m (22.6%) to £125.2m (2005: £102.1m).
On a continuing basis, underlying operating profit increased by £22.3m (22.5%) to £121.4m (2005: £99.1m).
- Underlying net finance costs increased by £5.3m to £13.1m (2005: £7.8m).

- Total underlying profit before tax increased by £17.7m (18.8%) to £112.0m (2005: £94.3m). Underlying profit before tax from continuing operations increased by £17.0m (18.6%) to £108.3m (2005: £91.3m).
- Amortisation of acquired intangibles increased by £3.2m to £6.9m (2005: £3.7m). There was no charge made in the year for goodwill impairment (2005: £5.7m). A credit of £1.4m has arisen in relation to hedge ineffectiveness (2005: £1.9m).
- A one off profit of £1.9m arose from the disposal of the USA business.
- Total profit before tax increased by £21.6m (24.9%) to £108.4m (2005: £86.8m). Profit before tax from continuing operations increased by £18.9m (22.6%) to £102.7m (2005: £83.8m).

Margins

- The total gross margin increased to 27.2% (2005: 27.0%).
- On a continuing basis, the gross margin increased to 27.3% (2005: 27.1%).
- The continuing underlying operating profit margin increased to 6.5% (2005: 6.3%).

Earnings and Dividends

- Total underlying basic earnings per share increased by 10.7p to 63.4p (2005: 52.7p), an increase of 20.3%.
- Total basic earnings per share increased by 14.9p to 61.9p (2005: 47.0p), an increase of 31.7%.
- On a continuing basis, basic earnings per share increased by 12.9p to 58.1p (2005: 45.2p), an increase of 28.5%.

A final dividend of 14.3p is proposed, subject to shareholder approval. This would make a total dividend for the full year of 20.5p, an increase of 3.7p (22%) on the 2005 full year dividend of 16.8p and would be covered 2.8 times. If approved, this will be payable on 29 May 2007 to Shareholders on the register at 27 April 2007.

Finances

Underlying cash flow (i.e. operating cash flow before working capital movements) strengthened further throughout 2006 compared with prior year. An increase in stock levels (partly due to new trading sites and also to support increased commercial activities), together with further investment in customer service and the acquisition programme resulted in increased borrowings at the year end. Gearing rose to 65% as at 31 December 2006 (2005: 60%).

During the year the Company raised £151m and €100m with a maturity of 7,10 and 12 years via its second successful Private Placement transaction. This was used to repay existing facilities with its UK relationship banks.

The Group has a sound financial position with prudent continuing interest cover (9.2x).

Acquisitions

The ongoing programme of the acquisition of businesses in market sectors and geographic regions related to those in which SIG operates, continued with 23 acquisitions completed during 2006.

Annualised sales (on a historic basis) for these acquisitions is a total of £240m. Total consideration, including assumed debt, was £109m.

Board Appointment

We recently announced the appointment of Chris Davies as Executive Director to the Board. Chris joined SIG in 1994, and has responsibility as Managing Director Europe for the Group's operations in that area. Chris has extensive practical experience of both operational management and M&A activity.

Employees

Our people lie at the heart of our success; the personal efforts of each employee, and their dedication to customer service and the will to succeed personally in their own particular job is fundamental to SIG, and I would like to thank all employees throughout the Group for their hard work and efforts.

Prospects

In the UK and Ireland, overall construction activity is expected to grow modestly in 2007 over 2006, providing positive conditions for all of the Group's activities in this region. Non residential new build construction is the most important single part of the overall market for SIG, and the ongoing recovery in commercial building together with the continuing public expenditure on schools and hospitals is expected to be helpful.

Later in the year, the initial impact of the most recent (April 2006) change in the regulations concerning the minimum standards of thermal efficiency of all new buildings is expected to begin to increase market demand for insulation materials.

As explained in our Interim Announcement in September 2006 the volume of work which is anticipated to be available in 2007 from the EEC2 (Energy Efficiency Commitment) scheme concerning the upgrading of insulation in existing residential properties will be reduced in 2007

over previous years. The new scheme, EEC3, begins in April 2008, and this is expected to increase demand significantly once it begins.

Following an exceptionally strong second half in 2006 in Mainland Europe, conditions in all those countries in which we operate are expected to remain positive, with modest growth in overall construction activity anticipated.

In terms of growth opportunities, we enter 2007 with a healthy pipeline of opportunities, both organic and through acquisition.

Trading since the start of 2007 has been good, and the Group is confident that further progress will be made.

Trading Performance

2006 was another year of strong growth, expansion and solid financial performance for the Group.

Our strategy of investing in the core operations to drive growth and in the acquisition of complimentary businesses, continued at a strong pace.

During the course of the year we expanded the range of specialist products which are offered to customers across all of our operations; improved the service and delivery facilities to ensure that we strengthen further our ability to provide customers with first class service; increased the number and quality of our customer-facing staff; and significantly increased the number of trading sites to facilitate improved service to existing customers and the securing of new customers.

This continued investment in customer-related services provides the platform for continued future growth.

Trading Highlights

Where reference is made to "total" sales, this refers to the results of both continuing and the discontinued USA operations. Where reference is made to underlying operating profit and underlying operating profit margin, this is defined as being before the amortisation of acquired intangibles, the impairment of goodwill and the profit on sale of the USA business.

UK and Ireland (65% of total sales)

- Sales increased by £156.3m (14.2%) to £1,254.4m (2005: £1,098.1m).
- Like for like sales increased by £45.6m (4.4%).
- Underlying operating profit increased by £15.5m (18.4%) to £99.9m (2005: £84.4m).
- Like for like underlying operating profit increased by £6.8m (8.7%) to £85.4m (2005: £78.6m).
- The underlying operating profit margin was increased to 8.0% (2005: 7.7%).
- 85 trading sites were added in the year, taking the total at 31 December 2006 to 422 (31 December 2005: 337).

Within the **Insulation** market in the UK and Ireland, whilst the volume of demand grew, prices were on average lower than prior year due to the over-supply arising from additional capacity coming on stream late 2005 and during 2006. This additional capacity is in anticipation of higher market demand in forthcoming years, partly driven by Regulations.

The UK Government introduced new (Part L) Building Regulations in April 2006, requiring all types of buildings which commenced new construction after that date to meet new higher standards of thermal efficiency. In practice, this change means that more insulation will be built-in to new buildings going forward. As we indicated in September 2006 at the time of our 2006 Interim Results Announcement, problems within the Local Government planning authorities, where the implementation of new Building Regulations effectively begins through the planning consent process, meant that the practical application of the higher standards of insulation in new construction was delayed. The April 2006 new (Part L) Building Regulations had no impact on the market in 2006, and are now expected to begin to influence demand in the second half of 2007.

We also indicated in September 2006 that the amount of work relating to the upgrading of roofing and wall insulation in existing homes was set to decline during the latter part of 2006, and throughout 2007, due to timing and funding issues under the government-backed EEC2 (Energy Efficiency Commitment phase 2). This programme has been very successful, and has generated increased volumes of demand for insulation over the last four years. The targeted amount of work required to be conducted under EEC2 has been substantially met, and therefore the amount of insulation upgrading under this scheme will be very limited until the next phase of targets and funding commences in 2008, under EEC3.

Against the background of these mixed conditions in 2006, the Insulation operations in the UK and Ireland increased sales by 6% and underlying operating profits by a similar amount.

We added four trading sites during the year and relocated five branches into new, larger premises to cater for increased stockholding and future growth.

In the insulation market, SIG has a number of facilities which convert basic insulation materials into more specialist products, to meet specific customer requirements. These activities were expanded, with two additional facilities acquired during the year.

In the **Roofing** division, the subdued market conditions which existed in 2005 continued throughout 2006.

Repairs and maintenance of existing buildings, especially residential buildings, is a significant driver of market demand. Some of this roofing work is of an essential nature and, as such, carries on regardless of economic conditions. Other work is less essential, and its timing is more discretionary, depending upon a range of factors relating to household expenditure. This discretionary element of the market has been slower than in previous years, reducing overall market demand for roofing materials. It is believed that these are timing factors and that the longer term outlook for this market is positive.

Within the residential new-build market, the proportion of dwellings built as apartments rather than using more traditional designs increased, which has the effect of reducing the area of roof constructed on a "per dwelling" basis, thus reducing demand for roofing materials in the new build sector.

In a market in which the supply chain is still very fragmented, we continued to expand the number of trading sites both through acquisition and by opening brownfield trading sites. 63 trading sites were added during the year, including a number which specialise in new ranges of building maintenance products. In Ireland, a new central stocking facility was opened, enabling imported roofing products to be more efficiently distributed throughout the trading site network and to customers.

The combination of acquisitions and product range expansion enabled the division to increase sales by 19% and significantly increase underlying operating profits compared with prior year.

The **Commercial Interiors** division experienced generally improved demand, and whilst the volume of new public expenditure related work was slower in being released than had been expected, private sector developments such as commercial, retail, sports and leisure were more buoyant.

Several new products were launched during the year, including new security doorsets, a system of wall panel products for use specifically in hospitals and other health facilities, and access panels for services in commercial and public buildings.

The division was the focus of significant investment during the year, including several relocations to larger premises, additional sales staff, and upgrading and renewal of processing machinery to improve productivity and product range diversity. A new facility was opened to improve the range and quality of manufactured metal clad wall systems, which are essential to certain market sectors. Two trading sites were added during the year.

The division increased sales by 15% and grew the underlying operating profits substantially.

The **Specialist Construction and Safety Products** division continued to expand and develop its activities significantly.

Supplying an increasing range of specialist products to construction and industry, the main end markets are new-build non-residential and secondly residential construction.

16 trading sites were added in the year, including 3 in Ireland, which are our first stand-alone Specialist Construction Products (SCP) trading sites outside the UK. This takes the total number of trading sites in this division to 43. This compares with just 17 at the end of 2003.

This continued expansion of the customer base, trading sites and product range diversity resulted in sales increasing by 40% and underlying profits increased substantially.

Mainland Europe (32% of total sales)

- Sales in Mainland Europe increased by £132.1m (27.9%) to £605.5m (2005: £473.4m).
- Like for like sales on a constant currency basis increased by 13.2%.
- Underlying operating profits increased by £8.0m (40.6%) to £27.6m (2005: £19.6m).
- Like for like underlying operating profit, on a constant currency basis, increased by £4.5m (22.9%) to £24.1m (2005: £19.6m).
- The underlying operating profit margin increased to 4.6% (2005: 4.1%).
- All countries in which SIG has trading activities in Mainland Europe increased both sales and underlying operating profit on a like for like basis in 2006 compared with prior year.
- 57 trading sites were added to the Group in Mainland Europe during the year, taking the total to 196 at 31 December 2006.

In **Germany and Austria** (63% of sales in Mainland Europe), market conditions in the first four months of the year were very disappointing. Weather conditions were much more adverse than normal, and the construction industry struggled to get sites moving until the spring. This low level

of activity reduced demand for materials, and had a knock-on effect of effectively eliminating price increases that had been intended to take effect in January and February.

From May onwards, activity levels began to rise progressively, and demand strengthened right through into the final quarter of the year, at which time a further boost to orders was created by some pull-forward to beat the increased rate of VAT on building materials which came into effect on 1 January 2007 in Germany.

Outside the construction sector, demand for more specialist insulation for industrial applications was good.

Overall results in Germany were further boosted by the acquisition in July of a regional roofing materials distributor, our first move into this fragmented, specialist market. The roofing supplies industry in Germany is inherently sharply seasonal, with a very high proportion of profits being achieved in the second half year. The timing of this acquisition meant that it had a disproportionately positive effect on H2 underlying operating profit margins.

In total 11 trading sites were added in the year, taking the total to 76 at 31 December 2006.

Sales increased by 31.2% in Euros, 30.9% in Sterling. Like for like sales growth was 13.9% in Euros, an excellent performance.

The underlying operating profit margin increased and underlying operating profits were increased substantially.

In **France** (22% of sales in Mainland Europe), construction activity and overall demand was good throughout the year.

We continued to expand our product range and geographic coverage, and added 6 new trading sites during the year, 2 of which were acquired. We now have a total of 51 trading sites in France.

Sales increased by 11.0% in Euros, 10.7% in Sterling. Like for like sales grew by 9.1% in Euros. Again, the underlying operating profit margin was increased, and the underlying operating profit was increased substantially.

In **Poland** (9% of sales in Mainland Europe), overall construction activity continued to grow, with non-residential construction doing rather better than residential, which is a more favourable mix in terms of the SIG product range.

2006 was a transforming year for SIG in Poland due to a significant increase in the number of trading sites, chiefly arising from two acquisitions during the second half year, and a substantial expansion of the range of specialist products offered to customers including roofing materials and a range of building chemicals and other products which are sold in the UK within the Specialist Construction Products (SCP) division.

In total, 40 trading sites were added in the year, taking the total to 59 at 31 December 2006.

Sales in Poland increased by 70.0% in local currency, 75.1% in Sterling. Like for like sales increased by 23.1% in local currency and the underlying operating profits were substantially increased.

Market conditions improved in **Benelux** (6% of sales in Mainland Europe), with some modest growth in overall construction activity.

Whilst the number of trading sites was unchanged at 10, various investments were made to the facilities including improvements to the fabrication and processing facilities for industrial insulation materials.

Sales increased by 20.8% in Euros, 20.5% in Sterling. Like for like sales growth was 11.9% in Euros.

The underlying operating profit margin was increased and underlying operating profits grew substantially.

USA (3% of total Group sales)

The Group sold its business in the USA in November 2006 for a total of \$51m (£27m) in cash. The decision to divest the USA operations was taken following a strategic review of all the Group's activities, and of the opportunity for future growth within each trading region.

Up to the time of its disposal, sales in the USA were £65.2m, slightly less than the full year 2005 figure of £67.9m. Good cost control and gross margin improvement enabled the underlying operating profit to increase by £0.8m to £3.8m (2005: £3.0m).

Acquisitions

2006 was a year of record acquisition activity, with 23 transactions completed in the year, for a total consideration of £109m, including assumed debt. Sales of these acquired businesses was £240m on a historic annualised basis, and their combined impact on 2006 was sales of £93m.

The acquisitions added 133 trading sites to the Group, and substantially widened the product range on a regional basis.

Of the 23 acquisitions, 19 were in the UK and Ireland, and 4 in Mainland Europe. The £240m historic sales breaks down £132m Mainland Europe and £108m UK and Ireland.

Each of the acquired businesses fits into the Group's strategy of strengthening and developing our position as a leading European supplier of specialist products for the building, construction and related industries, with emphasis on professional trades rather than consumer-led markets.

The acquisitions are being successfully absorbed into the Group, and progressing well with their respective individual improvement plans.

Summary of Trading Performance

2006 has been a year of high performance and strong growth, with each region and each business stream showing expansion and development; the dynamic nature of SIG is clearly reflected in the excellent results.

Consolidated Income Statement
for the year ended 31 December 2006

	Note	Before other items* 2006 £000's	Other items* 2006 £000's	Total 2006 £000's	Before other items* 2005 £000's	Other items* 2005 £000's	Total 2005 £000's
Revenue							
Existing operations		1,766,682	-	1,766,682	1,513,258	-	1,513,258
Acquisitions		93,150	-	93,150	58,190	-	58,190
Continuing operations	2	1,859,832	-	1,859,832	1,571,448	-	1,571,448
Cost of sales		1,352,483	-	1,352,483	1,145,337	-	1,145,337
Gross profit		507,349	-	507,349	426,111	-	426,111
Other operating expenses		385,948	6,942	392,890	327,016	9,342	336,358
Operating profit							
Existing operations		116,696	(6,942)	109,754	93,348	(9,342)	84,006
Acquisitions		4,705	-	4,705	5,747	-	5,747
Continuing operations	2	121,401	(6,942)	114,459	99,095	(9,342)	89,753
Finance income		(6,056)	(1,357)	(7,413)	(6,691)	(1,880)	(8,571)
Finance costs		19,200	-	19,200	14,509	-	14,509
Profit before tax		108,257	(5,585)	102,672	91,277	(7,462)	83,815
Income tax expense		32,515	(1,676)	30,839	28,377	(542)	27,835
Profit after tax from continuing operations		75,742	(3,909)	71,833	62,900	(6,920)	55,980
Discontinued operation:							
Profit on disposal of discontinued operation	7	-	1,947	1,947	-	-	-
Profit before tax from discontinued operation	7	3,774	-	3,774	2,996	-	2,996
Income tax expense on discontinued operation	7	1,124	(92)	1,032	834	-	834
		2,650	2,039	4,689	2,162	-	2,162
Profit after tax		78,392	(1,870)	76,522	65,062	(6,920)	58,142
Attributable to:							
Equity holders of the Company		77,719	(1,870)	75,849	64,106	(6,920)	57,186
Minority interests		673	-	673	956	-	956
Earnings per share							
<i>From continuing operations:</i>							
Basic earnings per share	3	61.3p	(3.2p)	58.1p	50.9p	(5.7p)	45.2p
Diluted earnings per share	3	60.6p	(3.1p)	57.5p	50.1p	(5.6p)	44.5p
<i>From continuing and discontinued operations:</i>							
Basic earnings per share	3	63.4p	(1.5p)	61.9p	52.7p	(5.7p)	47.0p
Diluted earnings per share	3	62.8p	(1.6p)	61.2p	51.9p	(5.6p)	46.3p

* Other items relate to the amortisation of acquired intangibles, goodwill impairment, hedge ineffectiveness and the profit on disposal of discontinued operation. Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group.

Consolidated Statement of Recognised Income and Expense
for the year ended 31 December 2006

	2006	2005
	£000's	£000's
Profit after tax	76,522	58,142
Exchange difference on retranslation of foreign currency goodwill and intangibles	(918)	(725)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	(3,980)	(1,669)
Exchange and fair value movements associated with borrowings and derivative financial instruments	6,712	1,111
Tax charge on exchange difference arising on borrowings and derivative financial instruments	(1,078)	(639)
Current and deferred tax on share options	2,214	596
Actuarial gain/(loss) on defined benefit pension schemes	3,292	(1,885)
Deferred tax movement associated with actuarial gain/(loss)	(966)	563
Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005	-	(6,625)
Recognition of deferred tax assets on certain transitional adjustments at 1 January 2005	-	3,869
Total recognised income and expense for the year	81,798	52,738
Attributable to:		
Equity holders of the Company	81,125	51,782
Minority interests	673	956
	81,798	52,738

Consolidated Balance Sheet
as at 31 December 2006

	Note	2006 £000's	2005 £000's
Non-current assets			
Property, plant and equipment		134,943	102,093
Goodwill		216,257	164,675
Intangible assets		81,925	49,252
Deferred tax assets		16,435	21,085
		449,560	337,105
Current assets			
Inventories		151,791	128,101
Trade receivables		310,418	281,053
Other receivables		20,527	21,745
Derivative financial instruments		1,668	-
Cash and cash equivalents		62,447	32,120
		546,851	463,019
Total assets		996,411	800,124
Current liabilities			
Trade and other payables		260,601	224,859
Obligations under finance leases and hire purchase agreements		1,391	756
Bank overdrafts		3,302	3,211
Bank loans		50,845	95,148
Loan notes		483	2,253
Derivative financial instruments		61	-
Current tax liabilities		21,366	25,483
Provisions		12,019	2,252
		350,068	353,962
Non-current liabilities			
Obligations under finance leases and hire purchase agreements		1,448	838
Bank loans		4,703	521
Loan notes		-	5,081
Private placement notes		193,043	70,659
Derivative financial instruments		37,659	28,376
Deferred tax liabilities		17,764	7,507
Other payables		1,267	2,159
Retirement benefit obligations		23,633	26,987
Provisions		14,164	13,695
		293,681	155,823
Total liabilities		643,749	509,785
Net assets		352,662	290,339
Capital and reserves			
Called up share capital	4	12,310	12,189
Share premium account	4	19,636	17,883
Capital redemption reserve	4	347	347
Special reserve	4	22,113	22,113
Share option reserve	4	1,786	1,375
Hedging and translation reserve	4	(4,570)	(2,282)
Retained profits	4	299,887	237,515
Attributable to equity holders of the Company		351,509	289,140
Minority interests	4	1,153	1,199
Total equity	4	352,662	290,339

Consolidated Cash Flow Statement

for the year ended 31 December 2006

	Note	2006 £000's	2005 £000's	
Net cash flow from operating activities				
Cash inflow from operating activities	5	132,355	113,581	
Borrowing costs paid		(14,206)	(11,511)	
Interest received		2,433	3,518	
Income tax paid		(36,615)	(21,850)	
Net cash inflow from operating activities		83,967	83,738	
Cash flows from investing activities				
Purchase of property, plant and equipment		(44,682)	(33,576)	
Proceeds from sale of property, plant and equipment		2,009	2,098	
Purchase of businesses		(90,061)	(83,482)	
Net proceeds from sale of discontinued operation		25,327	-	
Net cash used in investing activities		(107,407)	(114,960)	
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		1,874	1,140	
Capital element of finance lease rental payments		(1,723)	(1,306)	
Repayment of loans		(135,112)	(22,020)	
New loans		211,562	84,511	
Dividends paid to equity holders of the Company		(21,719)	(17,861)	
Payments to minority shareholder		(719)	(572)	
Net cash generated in financing activities		54,163	43,892	
Increase in cash and cash equivalents in the year		6	30,723	12,670
Cash and cash equivalents at beginning of year		28,909	16,501	
Effect of foreign exchange rate changes		(487)	(262)	
Cash and cash equivalents at end of year		59,145	28,909	

1. Basis of preparation

The Group's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued for use in the European Union and on a basis consistent with that adopted in the previous year.

The financial information has been prepared under the historical cost convention except for derivative financial instruments that are stated at their fair value.

While the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company will publish full IFRS compliant accounts in April 2007.

The preliminary announcement does not constitute the Company's statutory accounts for the year ended 31 December 2006 or 31 December 2005 within the meaning of Section 240 of the Companies Act 1985 but is derived from those statutory accounts.

The Group's statutory accounts for the year ended 31 December 2005 have been filed with the Registrar of Companies, and those for 2006 will be delivered following the Company's Annual General Meeting. The auditors have reported on the statutory accounts for 2006 and 2005, and their reports were unqualified and did not contain statements under section 237 (2) or 237 (3) of the Companies Act 1985.

2. Revenue and segmental information

Revenue

An analysis of the Group's revenue is as follows:

	2006 £000's	2005 £000's
Continuing operations - sale of goods	1,859,832	1,571,448
Discontinued operation - sale of goods	65,228	67,884
Total revenue	1,925,060	1,639,332

Segmental information

As at 31 December 2006, the Group is managed and organised in two geographies: UK and Ireland and Mainland Europe. On 20 November 2006, the Group disposed of its operations in the USA. These geographies are the basis on which the Group reports its primary segment information. Segment information about these geographies is presented below:

	2006 UK & Ireland £000's	2006 Mainland Europe £000's	2006 Discontinued operation (USA) £000's	2006 Eliminations £000's	2006 Total £000's	2005 UK & Ireland £000's	2005 Mainland Europe £000's	2005 Discontinued operation (USA) £000's	2005 Eliminations £000's	2005 Total £000's
Revenue										
External sales	1,254,376	605,456	65,228	-	1,925,060	1,098,055	473,393	67,884	-	1,639,332
Inter-segment sales*	34	-	17	(51)	-	-	2	50	(52)	-
Total revenue	1,254,410	605,456	65,245	(51)	1,925,060	1,098,055	473,395	67,934	(52)	1,639,332
Result										
Segment result before amortisation of acquired intangibles and goodwill impairment loss	99,919	27,577	3,758	-	131,254	84,359	19,612	3,008	-	106,979
Amortisation of acquired intangibles	(6,470)	(472)	-	-	(6,942)	(3,630)	(58)	-	-	(3,688)
Goodwill impairment loss	-	-	-	-	-	(5,654)	-	-	-	(5,654)
Segment result	93,449	27,105	3,758	-	124,312	75,075	19,554	3,008	-	97,637
Parent Company costs					(6,095)					(4,876)
Operating profit					118,217					92,761
Net finance costs - continuing operations					(11,787)					(5,938)
Net finance income/(costs) - discontinued operation					16					(12)
Profit before tax					106,446					86,811
Profit on disposal of discontinued operation					1,947					-
Income tax credit - on profit on disposal of discontinued operation					92					-
Income tax expense - continuing operations					(30,839)					(27,835)
Income tax expense - discontinued operation					(1,124)					(834)
Minority interests					(673)					(956)
Retained profit					75,849					57,186
Attributable to:										
Continuing operations					71,160					55,024
Discontinued operation					4,689					2,162
					75,849					57,186

* Inter-segment sales are charged at the prevailing market rates.

2. Revenue and segmental information (continued)

	2006 UK & Ireland	2006 Mainland Europe	2006 Discontinued operation (USA)	2006 Eliminations	2006 Total	2005 UK & Ireland	2005 Mainland Europe	2005 Discontinued operation (USA)	2005 Eliminations	2005 Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance sheet										
Assets										
Segment assets	718,293	266,490	-	-	984,783	587,710	179,100	31,535	-	798,345
Unallocated assets					11,628					1,779
Consolidated total assets					996,411					800,124
Liabilities										
Segment liabilities	264,338	91,886	-	-	356,224	238,255	54,200	6,327	-	298,782
Unallocated liabilities					287,525					211,003
Consolidated total liabilities					643,749					509,785
Other segment information										
<i>Capital expenditure on:</i>										
Property, plant and equipment	37,289	8,121	391		45,801	25,773	8,448	326		34,547
Intangible assets	28,835	10,793	-		39,628	37,543	689	-		38,232
Goodwill	36,470	18,891	-		55,361	56,107	1,474	-		57,581
<i>Non-cash expenditure:</i>										
Depreciation	18,217	5,540	346		24,103	16,537	4,781	501		21,819
Amortisation of acquired intangibles	6,470	472	-		6,942	3,630	58	-		3,688
Goodwill impairment loss	-	-	-		-	5,654	-	-		5,654

3. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	Basic and diluted					
	2006	2006	2006	2005	2005	2005
	Continuing operations £000's	Discontinued operation £000's	Total £000's	Continuing operations £000's	Discontinued operation £000's	Total £000's
Profit after tax	71,833	4,689	76,522	55,980	2,162	58,142
Minority interests	(673)	-	(673)	(956)	-	(956)
	71,160	4,689	75,849	55,024	2,162	57,186

	Basic and diluted before amortisation of acquired intangibles, goodwill impairment, hedge ineffectiveness and profit on disposal of discontinued operation					
	2006	2006	2006	2005	2005	2005
	Continuing operations £000's	Discontinued operation £000's	Total £000's	Continuing operations £000's	Discontinued operation £000's	Total £000's
Profit after tax	71,833	4,689	76,522	55,980	2,162	58,142
Minority interests	(673)	-	(673)	(956)	-	(956)
Amortisation of acquired intangibles	6,942	-	6,942	3,688	-	3,688
Goodwill impairment loss	-	-	-	5,654	-	5,654
Hedge ineffectiveness	(1,357)	-	(1,357)	(1,880)	-	(1,880)
Tax relating to the amortisation of acquired intangibles and hedge ineffectiveness	(1,676)	-	(1,676)	(542)	-	(542)
Profit after tax on disposal of discontinued operation	-	(2,039)	(2,039)	-	-	-
	75,069	2,650	77,719	61,944	2,162	64,106

Weighted average number of shares:

	2006 Number	2005 Number
For basic earnings per share	122,560,171	121,625,474
Exercise of share options	1,287,923	1,970,146
For diluted earnings per share	123,848,094	123,595,620

	2006	2005
Earnings per share		
Basic earnings per share - continuing operations	58.1p	45.2p
Basic earnings per share - discontinued operation	3.8p	1.8p
Total basic earnings per share	61.9p	47.0p
Diluted earnings per share - continuing operations	57.5p	44.5p
Diluted earnings per share - discontinued operation	3.8p	1.7p
Total diluted earnings per share	61.2p	46.3p

Earnings per share before amortisation of acquired intangibles, goodwill impairment, hedge ineffectiveness and profit on disposal of discontinued operation

	2006	2005
Basic earnings per share - continuing operations	61.3p	50.9p
Basic earnings per share - discontinued operation	2.2p	1.8p
Total basic earnings per share	63.4p	52.7p
Diluted earnings per share - continuing operations	60.6p	50.1p
Diluted earnings per share - discontinued operation	2.1p	1.7p
Total diluted earnings per share	62.8p	51.9p

Earnings per share before amortisation of acquired intangibles, goodwill impairment, hedge ineffectiveness and profit on disposal of discontinued operation is disclosed in order to present the underlying performance of the Group.

4. Consolidated statement of changes in equity

	Called up share capital £000's	Share premium account £000's	Capital redemption reserve £000's	Special reserve £000's	Share option reserve £000's	Hedging and translation reserve £000's	Retained profits £000's	Total £000's	Minority interests £000's	Total equity £000's
At 31 December 2004	12,139	16,793	347	22,113	639	(360)	201,672	253,343	572	253,915
Profit after tax	-	-	-	-	-	-	57,186	57,186	956	58,142
Dividends	-	-	-	-	-	-	(17,861)	(17,861)	-	(17,861)
New share capital issued	50	1,090	-	-	-	-	-	1,140	-	1,140
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	(725)	-	(725)	-	(725)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	(1,669)	-	(1,669)	-	(1,669)
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	1,111	-	1,111	-	1,111
Tax charge on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	(639)	-	(639)	-	(639)
Current and deferred tax on share options	-	-	-	-	-	-	596	596	-	596
Credit to share option reserve	-	-	-	-	736	-	-	736	-	736
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(1,885)	(1,885)	-	(1,885)
Deferred tax movement associated with actuarial loss	-	-	-	-	-	-	563	563	-	563
Payment to minority interest shareholder	-	-	-	-	-	-	-	-	(572)	(572)
Recognition of minority interest on acquisition	-	-	-	-	-	-	-	-	243	243
Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005	-	-	-	-	-	-	(6,625)	(6,625)	-	(6,625)
Recognition of deferred tax assets on certain transitional adjustments at 1 January 2005	-	-	-	-	-	-	3,869	3,869	-	3,869
At 31 December 2005	12,189	17,883	347	22,113	1,375	(2,282)	237,515	289,140	1,199	290,339
Profit after tax	-	-	-	-	-	-	75,849	75,849	673	76,522
Dividends	-	-	-	-	-	-	(21,719)	(21,719)	-	(21,719)
New share capital issued	121	1,753	-	-	-	-	-	1,874	-	1,874
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	(918)	-	(918)	-	(918)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	(3,980)	-	(3,980)	-	(3,980)
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	3,688	3,024	6,712	-	6,712
Tax charge on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	(1,078)	-	(1,078)	-	(1,078)
Current and deferred tax on share options	-	-	-	-	-	-	2,214	2,214	-	2,214
Actuarial gain on defined benefit pension schemes	-	-	-	-	-	-	3,292	3,292	-	3,292
Deferred tax movement associated with actuarial gain	-	-	-	-	-	-	(966)	(966)	-	(966)
Credit to share option reserve	-	-	-	-	1,089	-	-	1,089	-	1,089
Exercise of share options	-	-	-	-	(678)	-	678	-	-	-
Payment to minority interest shareholder	-	-	-	-	-	-	-	-	(719)	(719)
At 31 December 2006	12,310	19,636	347	22,113	1,786	(4,570)	299,887	351,509	1,153	352,662

5. Reconciliation of operating profit to cash inflow from operating activities

	2006 £000's	2005 £000's
Operating profit from continuing operations	114,459	89,753
Operating profit from discontinued operation	3,758	3,008
Operating profit	118,217	92,761
Depreciation charge	24,103	21,819
Amortisation of acquired intangibles	6,942	3,688
Goodwill impairment loss	-	5,654
Profit on sale of property, plant and equipment	(630)	(572)
Share-based payments	1,089	736
Increase in inventories	(14,896)	(5,066)
Increase in receivables	(4,320)	(10,043)
Increase in payables	1,850	4,604
Cash inflow from operating activities	132,355	113,581

6. Reconciliation of net cash flow to movements in net debt

	2006 £000's	2005 £000's
Increase in cash and cash equivalents in the year	30,723	12,670
Cash flow from increase in debt	(75,846)	(62,156)
Increase in net debt resulting from cash flows	(45,123)	(49,486)
Debt acquired with acquisitions*	(15,920)	(21,270)
Non-cash items ⁺	5,911	(271)
IFRS transitional adjustment	-	(6,625)
Exchange differences	1,035	1,247
Increase in net debt in the year	(54,097)	(76,405)
Net debt at beginning of year	(174,723)	(98,318)
Net debt at end of year	(228,820)	(174,723)

* including loan notes issued.

⁺ Non-cash items relate to the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow.

7. Disposal of discontinued operation

a) Profit on disposal of discontinued operation

On 20 November 2006, the Group disposed of its USA business to Grey Mountain Partners for a total consideration of \$51m (£26.999m equivalent) in cash. This generated a Group profit on disposal after tax of £2.039m. This is calculated as follows:

	£000's
Consideration	26,999
Disposal expenses incurred	(1,672)
Net proceeds from sale	25,327
Net assets disposed of	(22,918)
Recycling of hedging and translation reserve movements from 1 January 2004 to date of disposal	(462)
Profit on disposal of USA business before tax	1,947
Tax credit on profit on disposal	92
Profit after tax on disposal of USA business	2,039

b) Profits generated by the discontinued operation up to the date of disposal

The following revenue and profit numbers have been included in the Consolidated Income Statement which represent the contribution of the USA business up to the date of disposal:

	2006 £000's	2005 £000's
Revenue	65,228	67,884
Cost of sales	48,480	50,991
Gross profit	16,748	16,893
Operating expenses	12,990	13,885
Operating profit	3,758	3,008
Net finance (income)/costs	(16)	12
Profit before tax	3,774	2,996
Income tax expense	1,124	834
Profit after tax	2,650	2,162

c) Cash flows from discontinued operation

	2006 £000's	2005 £000's
Net cash flows from operating activities	3,535	(128)
Net cash flows from investing activities	(360)	(287)
Net cash flows from financing activities	(1,802)	(1)
	1,373	(416)

8. Final dividend

A final dividend of 14.3p per share (2005: 11.5p) has been proposed, taking the full year dividend to 20.5p (2005: 16.8p).

In accordance with IAS 10 "Events after the balance sheet date", dividends declared after the balance sheet date are not recognised as a liability in the Accounts.